



Department of Financial Institutions

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EXAM GRANDFATHERING FOR EXEMPT BD/IA AGENTS

The Securities Act of Kentucky at KRS 292.330(1)(b) provides an exemption from investment adviser registration for a firm that is registered as a broker dealer in Kentucky. Therefore, a broker-dealer who also provides investment advisory services may do so under its broker-dealer license. The broker-dealer must file a copy of its Form ADV, however, no registration fee will be charged. This exemption extends to an agent of the firm who is registered as a broker-dealer agent of the firm in Kentucky. The agent may provide advisory services on behalf of the broker-dealer without being registered as an investment adviser representative (IAR) of the firm in Kentucky.

The Division recently amended its administrative regulations to provide that an agent relying on the above exemption from IAR registration must meet the examination requirements for IARs contained in 808 KAR 10:260. **HOWEVER**, the Division has determined that it will grandfather exempt agents from the IAR exam requirements provided that:

- 1) the employing firm submits a RA transition filing to CRD by December 1, 2003 for the agent,
- 2) the agent was registered as a broker-dealer agent of the firm on the effective date of the amendment (April 11, 2003),
- 3) the individual has no significant disciplinary events, and
- 4) the individual is registered or qualified as an IAR in his or her home state if the home state is other than Kentucky.

No RA registration fee will be charged for the transition filing. An individual may also be exempt from the IAR examination requirements based on the provisions contained in Section 2 of 808 KAR 10:260.

Contact Anita Forman in the Division of Securities with any questions.

[808 KAR 10:260. Examination requirement for individuals advising the public on securities, broker-dealers, and agents.](#)



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